



BOARD MINUTES
April 26, 2018

METROCARE SERVICES

Board Meeting Minutes

A Regular Meeting of the Board of Trustees of Metrocare Services convened on Thursday, April 26, 2018.

Board Members Present: Terry James, Chairman
Dr. Leslie H. Secrest, Vice Chairman
Corey Golomb, Secretary
Jill L. Martinez
Dee Salinas Gutierrez.
Jane Hamilton
Dr. Irie L. Session
Lane Conner

Board Members Absent: Jasmine Crockett

Staff Present John W. Burruss, M.D., CEO
Linda Thompson, COO
Judith Hunter, M.D., CMO
Richard Buckley, CAO/CFO
Charlene Stark, VP of Marketing & Development
Ken Medlock, VP of Business Development
Kelli Laos, VP of Provider Services
Ratana K. DeLuca, CCO

Others Present: Joel Geary and Ivan Garcia

CALL TO ORDER:

Mr. James called the meeting to order at 1:38 pm. A quorum of board members was present.

CITIZEN COMMENTS: There were no citizen comments.

Mr. James requested the floor before moving on to the next item on the agenda. He said today is his first meeting officiating as the Board Chairman. He realizes that he has very large shoes to fill. Whether that be Julie Noble or Jill Martinez, a lot of people have come and sat in that chair before him who served this organization and this community very well. This is not lost upon him, but he believes that with the help of the board members and the people in this room he will be the best board chair and board member that he can possibly be. He said that at this point in time he would like to say "Thank you for this opportunity to serve". With this being said, Mr. James moved on to the next item on the agenda.

ISSUES TO BE CONSIDER:

Mr. James - Being aware that today is going to be a long meeting, much of this month's board packet can stand on the reports themselves.

Motion: Made by Mr. James.

- 1) Acceptance of the March 22, 2018 board meeting minutes
- 2) Acceptance to Dissolve the Ad hoc committee for the Meal for the Minds
- 3) Acceptance of the Revision to Board Policy 5.07 on Drug Free Workplace/Drug Abuse
- 4) Acceptance of the Mental Health division report under the Clinical Services Report
- 5) Acceptance of the Revision to Board Policy 1.08 on Committees and Community Involvement
- 6) Acceptance of the Revision to Board Policy 1.05 on Trustees Relationship with Dallas County Commissioners Court
- 7) Acceptance of the Marketing and Development Report for March 2018
- 8) Acceptance of the Legislative Action Report for March 2018.

Ms. Golomb seconded. The motion was approved unanimously.

BOARD LIAISON REPORTS:

MH Advisory Committee (MHAC): Dr. Session referred to Ms. Kelli Laos for this report.

Ms. Laos - The committee met on April 2nd and there was a quorum present. The committee voted to move the meeting from the evening (6 – 7 pm) to noon on its regularly scheduled Monday. Ms. Mary Ann Niles from Green Oaks Hospital presented her resignation and we will be looking to fill her position. There were no questions posed for this item.

COMMENTS FROM CHAIRMAN:

Mr. James - Over the coming months we will be seeing some changes in how we conduct the meeting. I've met with several board members individually to get some ideas on how best we can utilize our time. A consent agenda will be added next month in order to move forward like today with reports that can stand on their own. These will be approved as a group at the outset so we can focus attention on the reports that will be presented.

Mr. James continuing - There will be some transitions amongst board members. It was brought to our attention that Ms. Jane Hamilton will be stepping down as Judge Jenkins' appointee to the board.

Ms. Hamilton - This decision was very difficult to come to, but I believe that all the board members should serve diligently and I feel that I did that, however I feel that the balance on this board in particular, while we all have unique backgrounds and experiences, I feel that the balance needed to weigh in at the current time is more along the lines of people that have financial expertise. Therefore, I called Judge Jenkins and offered my board position to do this. This was really hard and this was a decision that was not taken lightly as I have come to appreciate the work of Metrocare. Mr. Ken Bernstein is a retiree from Ernst and Young and he will be assuming the seat.

Mr. James - Ms. Hamilton submitted her resignation as of today and is willing to serve up until the time that Mr. Bernstein can join our board. Thank you, Ms. Hamilton, for agreeing to stay on until that time. Mr. Bernstein is currently undergoing the County's vetting process.

Mr. James continuing - Ms. Crockett was re-appointed to another two year term on the board in March 2018. We will be working with our County commissioners as it relates to any reappointments.

Texas Council Quarterly meeting: Mr. James - Last weekend, I attended the Texas Council Quarterly meeting and a big shout out went to Metrocare and its staff for their assistance on the upcoming Annual Conference taking place from June 20 – 22nd at the Sheraton, Downtown Dallas. All board members should strongly consider attending. There is a dedicated track in which they will have presentations specifically for trustees to educate us on issues as they pertain to legislative things that are coming down in Austin and upcoming Legislative Sessions. I would like to echo their “Kudos” for Metrocare and its staff.

CHIEF EXECUTIVE OFFICER REPORT:

Services Presentation – Dr. Burruss requested to delay the Service Presentation until next month.

Consideration of Acceptance of the Chief Executive Officer Report for FY18 Key Performance Indicators Progress through March 2018. This report was made a part of the packet.

Dr. Burruss - Thank you to board member, Mr. Conner. Mr. Conner set up an important presentation for me with a small, but vibrant group of community interested individuals at the Federal Reserve Bank. They had a very spirited discussion and it was a fulfilling afternoon.

Consideration of Acceptance of Resolution Delineating the Board’s Awareness and Approval of the Chief Executive Officer and the Chief Administrative Officer’s Execution of a Revenue Anticipation Note with JP Morgan Chase Bank. This report was made a part of the packet.

Dr. Burruss - This is a regular instrument for us and the Board should recognize the term Revenue Anticipation Note, or RAN, which is the financial vehicle in which we’ve done our Summer and Winter IGT’s for years now. Most of the board has seen something similar to this in previous years.

Mr. James – Is this the second anticipation note for this fiscal year that the Board will be approving? Please provide some information about this anticipation note.

Dr. Burruss - This is in regards to the Delivery System Reform Incentive Payment Program (DSRIP) which is a Medicaid waiver. The nature of this program is that Metrocare builds, supports and operates services through the year and if we achieve certain milestones during the year we are eligible for a payment later. To receive the payment, Metrocare has to provide the non-federal share in cash. What this means in the Medicaid system is that we provide about 41 - 42 percent and they provide roughly 58 per cent so that we can end up with a dollar and a half for every dollar that we offer up. This is an advantageous program for us to build and develop services, however this is going to change significantly in the current year as the rules for funding have been changed. What we are doing now is being compensated for the achievements for the

milestones that were due last September 31st. On January 1, we began the new DSRIP year. There were no questions posed for this item.

Motion: Made by Dr. Secrest and seconded by Ms. Martinez to Accept the Resolution Delineating the Board's Awareness and Approval of the Chief Executive Officer and the Chief Administrative Officer's Execution of a Revenue Anticipation Note with JP Morgan Chase Bank.

FINANCE AND ADMINISTRATION REPORT:

Dr. Secrest referred to Mr. Buckley for this report.

Consideration of Acceptance of the Financial Reports for March 2018 (unaudited): This report was made a part of the board packet.

Mr. Buckley - The results are shown relative to the new approved budget. In the first month operating under the new budget we exceeded all revenue projections. Fee-for-Service, pharmacy and general revenues all exceeded budget for the first time in the year. Mr. Buckley indicated that we have some positive momentum on the revenue front.

Mr. James - At last month's meeting Mr. Buckley, you discussed a change in the pharmacy programs to which we have to adapt. Moving forward, is that change going to put a ceiling on what we will be able to do in the provision of pharmacy services and the sort of revenue that the organization may be able to receive moving forward?

Mr. Buckley - The change is merely in accounting. Now, we get a fee for each filled prescription and we record the fee, rather than previously we recorded the gross revenue of that prescription and the cost of goods for that purchase. Now we are just recording the proceeds. It should not have any impact on the pharmacy program itself. If there's anything within the pharmacy program fundamentals that is changing, I am not aware of that. It should not affect the volume of prescriptions.

Mr. James - I understand there was an accounting change, but we also revised our budget based upon what I assume is not only the cost, but also anticipated revenues coming in. It sounds to me like it was more than just an accounting change. Am I wrong in that thinking?

Mr. Buckley - Our re-budget did bring the total revenue down, but fortunately it also brings the cost of goods down equally, so the budgeted prescriptions are still basically the same. I look at pharmacy more in the profitability of the situation than from cost of goods, so this is not really having an impact on this differential which is the fee that we get for filling each individual prescription. As long as the volume of prescriptions remains steady there should be no impact on profitability. The impact it has on cash flow is that it reduces total dollars spent and received. We are only recording the fee.

Dr. Burruss - This discussion pertains to the NTBHA portion of the pharmacy business. The Medicaid portion remains unchanged and is the larger portion of our pharmacy business. The Patient Assistance Program [PAP] for NTBHA removes the purchase of the medication and as Mr. Buckley explained this reduces both revenue and expense equally. These programs are for people who are indigent. Pharmaceutical companies provide free medication for our pharmacists to fill the prescriptions. Regarding the question of a "ceiling," there is no limit on the number of prescriptions as long as we have NTBHA clients coming in the door. We still get fill fees for

everyone above and beyond what we do today. As long as we maintain our NTBHA volumes we should do fine. If we increase our NTBHA volumes and/or increase our other pharmacy business which includes Medicaid, self-pay, and all other payers, all of those still contribute to our pharmacy revenues. Mr. Medlock has been working feverishly over many months to expand our opportunities in other areas of the state, like Bluebonnet Trails which is the Round Rock, Georgetown, Bastrop area north and east of Austin. Those are growth areas. San Antonio is also showing a favorable trajectory.

Ms. Martinez – I thought there was also an issue with the drug suppliers. Is this correct, or am I remembering it differently?

Dr. Hunter - There was a brief time of a few days in November when we were not purchasing some medications, but we referred our patients to other pharmacies as needed.

Ms. Golomb - It was great that the Fee-for-Service revenue exceeded the prior year for the fifth consecutive month. Under Indicator 3, I noticed that there has not really been any substantial change in one year in the operating reserve ratio. Why has there not been a bigger impact?

Mr. Buckley - We are a low margin business that even in the best of times and the history of this organization has only had a profitability of no more than 4 or 5 percent. This is going to take years to get back to zero, but we are back on a positive trend and meeting profitability expectations. It will continue to improve, but this is not something that gets fixed in one or two fiscal years. We are not like the State's other MHMR agencies because most don't have a pharmacy business.

Ms. Golomb – Have we made reductions in expenses?

Dr. Burruss - We are reporting on March results right now but I would like to speak to April and May and some of the things that are happening. As the Board knows well, since January of 2017, the Agency has made extensive efforts to manage our cash situation. This has been discussed every single month. We are realizing as we scrutinize our different programs and our cash flow, even though we have maintained a positive margin, we are still beholden to the same cash flow challenges that we have had. The Executive Team is committed to ensuring that we don't end up in a position as we did in calendar 2017 going into January of 2019.

We are going to take further steps in the next 24 hours that we believe will do everything that is necessary to be certain that we get through January next year with a sound cash footing. This will include some areas of further cutting that are going to be painful to the Agency. It will include a salary freeze for the foreseeable future and it will include closing some programs. Management has tried our best not to have to do so, but there are some programs that will not be able to be sustained in this particular environment. It will mean that we will have to let some people go.

Dr. Burruss continuing - I regret reaching this point and having to take this step, but as we look at our cash flow over the coming months it is now necessary to make sure we can answer these questions capably. Then we can start showing a stronger trend on restoring the cash balance while we maintain appropriate financial performance of the Agency.

Ms. Salinas - Will this include building a reserve?

Dr. Burruss - This will lead to a greater ability to build a reserve. What Mr. Buckley said will continue to be the truth. Mental Health care is not a high margin business. We are never going to be able to put \$10M into the bank in a year. To do this we would have to tear down programs and eat into the staff that actually makes money for the agency, thereby contributing further to the problem. We could eliminate *all* of administration and still not be able to restore Metrocare's cash reserve position as quickly as one might like, but we are going to do everything we can including making difficult cuts in the next week or two to make sure we can do it.

Ms. Hamilton - What do you mean when you say "difficult cuts?" Will this affect anyone in executive levels, management levels, Metrocare agency-wide or mostly Metrocare services and how did you arrive at these decisions?

Dr. Burruss - The emphasis is on administration and management. The frontline service providers are critical to what we do and critical to the reason why we are here and they provide much of the financial performance of the Agency. Our task is to find ways to accomplish this without cutting into the front line staff and achieve the necessary cost savings and still keep everything running to the extent possible. This may mean that some clinical sites will not be available any longer, but there will be alternatives where people can go to receive services and continue to get everything that they need.

Ms. Hamilton - You mentioned that you will be coming to the decisions within the next 24 hours to a week. Will the board find out as this is happening or be alerted?

Dr. Burruss - I believe we should tell the people who are going to be involved first and let them understand what is happening. We will then give the board a full summary.

Ms. Salinas - Is this going to put a halt on some of the initiatives like Hillside and other projects?

Dr. Burruss - Hillside is going to be an important challenge and I hope that this will help us achieve a resolution rather than hinder us, but this is still to be determined.

Dr. Session - You mentioned some of the clinical program sites that might be closed down. Will any of the front line workers in these sites be reassigned?

Dr. Burruss - To the degree possible. There will not be as many positions available as there are staff, but we will make sure that we have the clinical services available to the same extent that we have had them.

Ms. Golomb - Are the sites that are being closed leased properties or do we own them? Is there an opportunity to save on lease costs?

Dr. Burruss - That depends on each specific lease, but there are some opportunities for us that could include terminating a lease within the provisions that are available in the lease.

Motion: Made by Dr. Secrest and seconded by Ms. Golomb to Accept the Financial Report for March 2018. The motion carried by unanimous consent.

Consideration of Acceptance of Human Resource Report for March 2018: This report was made a part of the packet. Mr. Buckley presented this report on behalf of Ms. Allen.

Mr. Buckley - The report stands as is. There is no major fluctuation. Turnover decreased slightly. We are moving in the right direction.

Mr. James – What do you attribute this to?

Mr. Buckley - I do not know exactly. We placed a hiring freeze approximately six weeks or so ago, but as explained this is not an across-the-board freeze. We had a very minimal reduction in head count. There were two weeks in a row with only three people resigning.

Ms. Martinez – I have not heard any initiatives in several months to hire more bilingual staff for the agency.

Mr. Buckley - This is on-going.

Ms. Salinas Gutierrez - When I started we were at 2 percent to now showing at 11 percent.

Dr. Burruss - We are currently at 14.8 percent, referring to page 144492. There is a limit to what we can do during the hiring freeze, but we certainly continue to make efforts. The competition for bilingual staff is fierce.

Motion: Made by Dr. Secrest and seconded by Ms. Martinez to Accept the Human Resources Report for March 2018. The motion carried by unanimous consent.

CLINICAL SERVICES REPORT:

Mr. James referred to Dr. Hunter for this report.

Consideration of Acceptance of the Clinical Services Division Report for March 2018: This report was made a part of the packet.

Dr. Hunter - Refer to the 1115 Waiver. Metrocare will be participating in the Intergovernmental Transfer (IGT) again this coming June. Metrocare will submit \$2.2M and the return will be approximately \$5M which we will receive on about August 1st.

Ms. Hamilton - How are the stats of the Metrocare Veterans Services Expansion Program measured? Is it the high quality of the outcomes or is it measured by how many people are served?

Dr. Hunter - This particular expansion grant has to do with number of individuals served and how they are served. What's covered are emergency housing funds and financial assistance programs to help people have the ability to access Veterans services. An example given is that if your car is not running and you can demonstrate this to us we can help get your car fixed to get you to your job or get you to your doctor's appointment. If your utilities have been shut off and you produce documentation of this we can help pay for your utilities.

Ms. Hamilton - Do the individuals have to come to the clinic?

Dr. Hunter - They can meet with navigators and they can get the individuals approved for the services. The navigators are mobile so they can also go out to meet with the individuals. I will ask Mr. Mogbo to contact you with the information you need.

Ms. Martinez - Regarding Key Performance Indication number 10, we have made a choice to adopt Netsmart's medical note solution. Will this be fully integrated into what was the product of Xenatix?

Dr. Hunter - This is not one of the Xenatix components. This is actually a separate part of Netsmart which integrates within their product and has a superior functionality. This is for doctors and nurse practitioners both on the mental health side and the primary care side. This will go live in December and we will have access to start training and user testing sometime this summer.

Motion: Made by Mr. James and seconded by Ms. Martinez to Accept the Clinical Services Division Report for March 2018. The motion carried by unanimous consent.

Adoption of Resolution in Support of the Continued Collaboration between Metrocare Services and Catholic Charities:

Ms. Laos - One of Metrocare's initiatives partnering with Catholic Charities in providing residence and case management services for residents will be housed in their St. Jude Center. They are looking to acquire, renovate, and operate the St. Jude Center using funds from the Better Together Fund Award. They are seeking a letter of support from the Board as part of our collaboration and partnership with them through this initiative.

Motion: Made by Dr. Secrest and seconded by Ms. Golomb for Adoption of Resolution in Support of the Continued Collaboration between Metrocare Services and Catholic Charities. The motion carried by unanimous consent.

Consideration of Acceptance of Quality and Authority Management Report for March 2018: This report was made a part of the packet. Ms. Thompson presented a brief summary of her report.

Ms. Thompson - During the month of March, Metrocare had the annual review from the Texas Health and Human Services Commission (HHSC). You have been provided a snapshot of the results from FY16 – FY18. This year we received a bit of a break. Instead of two weeks they only stayed one week. There was positive feedback this year specifically for our Home and Community Based Services (HCS), our General Revenue (GR) program and the Texas Home Living (TxHmL). The staff in these programs have been consistent, which means that for the people in the sample there has not been any turnover or moving cases around. When you have stable staff the clients tend to comply with the requirements much better.

Dr. Session - Was this a random sample?

Ms. Thompson - They identified the sample 72 hours before they came to our site. They looked at 24 cases across all of our programs.

The North Texas Behavioral Health Authority (NTBHA) conducted its "Mystery Caller" screening across our mental health clinics. A sample of the responses is provided in this report.

Ms. Thompson reviewed the Key Performance Indicators found on pages 144511 – 144512.

Ms. Golomb – Regarding the [aggressive client] incident at Lancaster Kiest clinic, is the staff provided training about how to respond?

Ms. Laos - I met with the Lancaster Kiest staff myself and provided approximately 1.5 hours of training. We did role plays and talked about different ways to address different types of calls. The Business Office Coordinator (BOC) had already come up with some solutions.

Motion: Made by Ms. Martinez and seconded by Dr. Secrest for Acceptance of the Quality Management Report for March 2018. The motion carried by unanimous consent.

EXECUTIVE SESSION:

Announcement of Closed Session in accordance with Subchapter D, Section 551.071 of the Texas Open Meeting Act (Chapter 551 of the Texas Government Code) to receive advice from counsel about pending or contemplated litigation and/or settlement, and Section 551.074 for the purpose of discussing personal matters. The meeting closed at 2:27 pm.

- Metrocare / Houston-Tarrant County Software Solutions, next steps
- Update on Information Privacy and Security Incidents
- Update on CEO Evaluation process

Return to Open Session: Mr. James reconvened the meeting at 4:15 pm.

Action Taken as a Result of Executive Session:

Consideration of Approval of Extension of the Chief Executive Officer Contract: Mr. James said that the Chief Executive Officers contract will be extended for another 60 days.

Motion: Made by Mr. James and seconded by Ms. Golomb for Approval of Extension of the Chief Executive Officer Contract. The motion carried by unanimous consent.

Meeting Adjournment: There being no further business to come before the Board, Mr. James adjourned the meeting at 4:15 p.m.

Minutes approved by:


Ms. Dee Salinas-Gutierrez, Secretary

Minutes distributed by:
Martha L. Toscano
Executive Assistant to the CEO/Board Liaison